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November 19, 2004

Mary L. Cottrell, Secretary  
Department of Telecommunication and Energy  
One South Station, 2<sup>nd</sup> Floor  
Boston, MA 02202

Re: Boston Edison Company, D.T.E. 04-68

Dear Secretary Cottrell:

Enclosed please find Boston Edison Company d/b/a NSTAR Electric's ("NSTAR Electric") response to RR-DTE-7 in the above-referenced proceeding, as listed on the following page. Please note that attachments relating to this response are confidential and are being filed under separate cover with the Hearing Officer and the Attorney General only.

Thank you for your attention to this matter.

Very truly yours,



John K. Habib

Enclosures

cc: Service List  
Joan Foster Evans, Hearing Officer (2)  
Colleen McConnell, Assistant Attorney General (2)

Record Request DTE-7

Refer to the Company's response to RR-DTE-6 (Second Supplemental). Please provide a sensitivity analysis for changes to energy and fuel prices for both above-market costs and customer savings, using the Henwood Fall 2004 forecast data. For the analysis of above-market costs, please update the Company's response to AG 1-11, for a ten percent increase and a ten percent decrease in fuel and energy prices. For the analysis of customer savings, please provide updates to Exhs. NSTAR-BEC-GOL-2 through 8, for a ten percent increase and a ten percent decrease in fuel and energy prices. Provide hard and electronic copies in Excel format with formulas contained in the cells.

Response

**CONFIDENTIAL ATTACHMENTS**

Please refer Attachment RR-DTE-7(a) (**CONFIDENTIAL**) for the calculation of savings under a 10 percent decrease in energy and fuel prices, and Attachment RR-DTE-7(d) (**CONFIDENTIAL**) for the calculation of an increase of 10 percent in energy and fuel prices. Please refer to the table below for a comparison of the recalculated savings amounts under these scenarios with the original filing as calculated by CEA.

	Total PV of Above Market Amount	Reduction in Above Market
Base Case	\$(123,892)	3.14%
10 % Decrease	\$(126,035)	4.79%
10 % Increase	\$(121,750)	1.44%

Please refer Attachment RR-DTE-7(b) for the calculation of customer savings under a 10 percent decrease in energy and fuel prices, and Attachment RR-DTE-7(e) for the calculation of an increase of 10 percent in energy and fuel prices. Attachment RR-DTE-7(c) (**CONFIDENTIAL**) and Attachment RR-DTE-7(f) (**CONFIDENTIAL**) are the equivalent of Exhibit NSTAR-BEC-GOL-3 for the decrease and increase scenarios, respectively. Since the OSP Termination Agreement is not dependent on market prices, there is no change to the post-transaction case, and the Company has not recomputed Exhibit NSTAR-BEC-GOL-4 as provided in the original case. Thus, the amount in the column "OSP Contract Assignment Revenues" in Attachment RR-DTE-7(b) and Attachment

RR-DTE-7(e) are unchanged. Similarly, there are no changes required for Exhibit NSTAR-BEC-GOL-5 through Exhibit NSTAR-BEC-GOL-8.

Please refer to the table below for a comparison of the recalculated customer savings amounts under these scenarios with the base case as calculated in the second supplemental response to Record Request DTE-6.

	Total PV of Customer Savings Amount
Base Case	\$8.125
10 % Decrease	\$9.393
10 % Increase	\$6.947

Year	Base Case Revenues	OSP Contract Assignment Revenues	Customer Savings
2004	\$ 284,420	\$ 284,420	\$ -
2005	\$ 360,305	\$ 364,681	(4,376)
2006	\$ 321,961	\$ 318,338	3,623
2007	\$ 322,781	\$ 318,811	3,970
2008	\$ 278,204	\$ 276,669	1,535
2009	\$ 276,852	\$ 275,101	1,751
2010	\$ 220,368	\$ 215,186	5,182
2011	\$ 148,934	\$ 147,297	1,636
2012	\$ 91,338	\$ 91,338	-
2013	\$ 90,424	\$ 90,424	-
2014	\$ 31,023	\$ 31,023	-
2015	\$ 29,112	\$ 29,112	-
2016	\$ 20,630	\$ 20,630	-
Total	\$ 2,476,352	\$ 2,463,032	\$ 13,321
6.61%	\$ 1,979,571	\$ 1,970,178	\$ 9,393

Present Value of Savings at After Tax Discount Rate  
As defined on Page 254 of Settlement Agreement

Year	Base Case Revenues	OSP Contract Assignment Revenues	Customer Savings
2004	\$ 284,420	\$ 284,420	\$ -
2005	\$ 360,877	\$ 364,681	\$ (3,804)
2006	\$ 321,687	\$ 318,338	\$ 3,349
2007	\$ 322,308	\$ 318,811	\$ 3,497
2008	\$ 277,400	\$ 276,669	\$ 0,730
2009	\$ 275,920	\$ 275,101	\$ 0,819
2010	\$ 219,266	\$ 215,186	\$ 4,080
2011	\$ 148,462	\$ 147,297	\$ 1,165
2012	\$ 91,338	\$ 91,338	\$ -
2013	\$ 90,424	\$ 90,424	\$ -
2014	\$ 31,023	\$ 31,023	\$ -
2015	\$ 29,112	\$ 29,112	\$ -
2016	\$ 20,630	\$ 20,630	\$ -
Total	\$ 2,472,868	\$ 2,463,032	\$ 9,836
6.61%	\$ 1,977,125	\$ 1,970,178	\$ 6,947

Present Value of Savings at After Tax Discount Rate  
As defined on Page 254 of Settlement Agreement